

Message Text

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PAGE 01 THE HA 05507 150814Z

21-12

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 OMB-01 SCEM-02 INT-08 NEA-10 SAJ-01 AID-20

EB-11 CIEP-02 TRSE-00 STR-08 CEA-02 COME-00 FRB-02

XMB-07 OPIC-12 LAB-06 SIL-01 IO-14 DRC-01 /211 W

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R 150600Z DEC 73

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 2597

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION NATO

USMISSION OECD PARIS

AMEMBASSY LUXEMBORG

UNCLAS THE HAGUE 5507

LONDON FOR UNDER SECRETARY DONALDSON

E.O. 11652: N/A

TAGS: ENRG, ELAB, PINT, NL

SUBJECT: GON ANNOUNCES ENERGY EMERGENCY MEASURES

REF: THE HAGUE 5418

1. SUMMARY: ON DEC 13, CABINET SENT PARLIAMENT NOTE ON
ECONOMIC MEASURES IT PLANS TO TAKE UNDER NEW ENABLING
ACT SCHEDULED FOR DEBATE IN CHAMBER NEXT WEEK. MOST
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PAGE 02 THE HA 05507 150814Z

IMPORTANT MEASURE IS ESTABLISHING MAXIMUM WAGE INCREASE

OF 15 GUILDERS PER MONTH AS OF JANUARY 1 AND 30 GUILDERS AFTER APRIL 1. COMPANIES WILL NOT BE ALLOWED TO DISMISS WORKERS FOR DURATION OF OIL EMERGENCY. UNIONS HAVE REACTED TO GOVERNMENT PROPOSAL WITH CONSIDERABLE DISPLEASURE. LATEST PUBLIC OPINION POLL SHOWS 70 PERCENT OF NATION BACKS GOVERNMENT'S REQUEST FOR COMPREHENSIVE ENABLING ACT. END SUMMARY.

2. THE CABINET SENT PARLIAMENT A NOTE ON ECONOMIC MEASURES IT CONTEMPLATED TAKING IN 1974 ON DEC. 13. MEASURES WOULD BE IN CONTEXT OF NEW ENABLING ACT (REFTEL) WHICH GOVERNMENT HOPES WILL BE APPROVED BY PARLIAMENT NEXT WEEK. IN WIDE-RANGING PLAN FOR COPING WITH SOCIO-ECONOMIC PROBLEMS RESULTING FROM OIL SHORTAGES, GON PROPOSES TO:

- (A) PERMIT A GENERAL WAGE INCREASE OF 15 GUILDERS PER MONTH AS OF JAN 1, 1974 AND 30 GUILDERS AS OF APRIL 1, 1974. INCREASE IS MEANT TO COVER ALL WORKERS INCLUDING COMPANY DIRECTORS,
- (B) RESTRICT COMPANIES' RIGHT TO DISMISS WORKERS, ALLOW REDUCTION IN HOURS OF WORK AND OVERTIME, AND STIMULATE NEW EMPLOYMENT, PRIMARILY IN BUILDING TRADES,
- (C) RESTRICT RECRUITMENT OF FOREIGN WORKERS,
- (D) SUSPEND SELECTIVE INVESTMENT LEVY (MEASURE TO DISCOURAGE NEW BUILDING, ETC) FOR WESTERN PART OF HOLLAND UNTIL SOME UNSPECIFIED FUTURE DATE,
- (E) ACCELERATE EFFORT TO CONVERT OIL TO NATURAL GAS, STIMULATE PROJECTS FOR BUILDING INSULATION AND REHABILITATION. PROGRAM WOULD PROVIDE EMPLOYMENT FOR 20,000 WORKERS,
- (F) ESTABLISH FIRM LIMITS ON RENT INCREASES,
- (G) FREEZE FEES IN PROFESSIONS (DOCTORS, LAWYERS, ETC) AT LEVEL OF DEC 31, 1973,
- (H) INSURE CORPORATE DIVIDENDS ARE NOT HIGHER THAN THE AVERAGE OF THE LAST FIVE FISCAL YEARS.
- (I) FREEZE PRICES INSOFAR AS THIS IS POSSIBLE.

3. GON'S NOTE STATES THAT GENERAL WAGE INCREASE SHOULD BE CONSIDERED AS ADVANCE PAYMENT OF PRICE INCREASE COMPENSATION MOST INDUSTRIES PAY AS OF JULY 1, 1974.
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PAGE 03 THE HA 05507 150814Z

DEPENDING ON DEVELOPMENTS, IT WILL BE DETERMINED IN JULY WHETHER INCREASE CONSTITUTED ADVANCE PAYMENT OR MERELY NORMAL WAGE INCREASE. GOVERNMENT NOTES THAT CENTRAL PLANNING BUREAU IS EXPECTING PRICE RISES FROM 10 TO 11 PERCENT IN 1974. CENTRAL PLANNING BUREAU ALSO CALCULATES THAT REAL INCOME OF AVERAGE WORKER WILL BE REDUCTED BY 1 PERCENT. GON WANTS TO KEEP REAL WAGES OF LOWEST PAID INDIVIDUALS AS UNAFFECTED AS POSSIBLE. IN

CONNECTION WITH CENTRAL PLANNING BUREAU ESTIMATES, PRIME MINISTER POINTED OUT THAT CPB HAS ASSUMED BOYCOTT AND GOVERNMENT MEASURES WILL LAST ENTIRE YEAR. GON PLANS AND ESTIMATES ARE BASED ON SOMEWHAT SHORTER CALCULATION.

4. NVV PRESIDENT KOK SAID THAT HIS RECENT TALKS WITH GOVERNMENT HAD LEFT HIM WITH IMPRESSION THERE WOULD BE GENERAL WAGE INCREASE OF 30 GUILDERS AS OF JAN 1. KOK SAID 15 GUILDERS GOVERNMENT IS PROPOSING IS WHAT EMPLOYERS ASKED, AND THIS MAKES HIM DOUBT THE CREDIBILITY OF THE GOVERNMENT. HE STRESSED THAT THE TRADE UNION MOVEMENT IS POLITICALLY INDEPENDENT AND WILL NOT AUTOMATICALLY ACCEPT THE LABOR-LED GOVERNMENT'S LINE. KOK'S COLLEAGUE IN THE PROTESTANT TRADE UNION FEDERATION (CNV), LANSER, SAID HIS UNION WOULD CONSIDER WHETHER ACTION IS NECESSARY (I.E. WORK STOPPAGES OR STRIKES) TO OBTAIN THE 30 GUILDER INCREASE AS OF JAN 1. EMPLOYER SPOKESMAN REACTED MODERATELY TO GOVERNMENT'S PROPOSALS BUT WONDERED WHETHER PRICE INCREASES WOULD NOT BE NECESSARY TO KEEP INDUSTRY OPERATING PROFITABLY.

5. POLITICAL REACTION WAS GENERALLY FAVORABLE. LABOR FLOOR LEADER VAN THIJN SAID HE WANTED ADDITIONAL EXPLANATION OF THE PHASING OF THE WAGE INCREASES AND EXPRESSED DOUBTS WHETHER THE PROFESSIONS (I.E. HIGHER INCOMES) WOULD BE SUFFICIENTLY CONTROLLED. RADICAL LEADER DE GAAY FORTMAN ECHOED VAN THIJN'S DOUBTS AND EXPRESSED RESERVATIONS ABOUT GOVERNMENT PLANS TO DRILL FOR NATURAL GAS THROUGHOUT THE COUNTRY. D'66 FLOOR LEADER TER LOWN TERMED GOVERNMENT'S PROGRAM WELL BALANCED AND SAID IT MADE HIM CONFIDENT THAT GON WOULD BE ABLE TO WEATHER THE CRISIS. OPPOSITION SPOKESMAN VAN AARDENNE OF THE LIBERALS SUGGESTED SELF-EMPLOYED WOULD SUFFER MOST UNDER

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PAGE 04 THE HA 05507 150814Z

GOVERNMENT'S SCHEME. HE ASKED FOR A TAX REDUCTION SO PURCHASING POWER WILL REMAIN THE SAME AND THUS BENEFIT RETAIL TRADES. CONFESSORIAL SPOKESMEN ARE STILL STUDYING GOVERNMENT'S PROGRAM AND HAVE YET TO COMMENT.

6. LATEST PUBLIC OPINION POLL SHOWS THAT NEARLY 70 PERCENT OF DUTCH POPULATION SUPPORT DEN UYL GOVERNMENT'S PROPOSAL FOR ENABLING ACT GIVING IT WIDE POWERS IN ECONOMIC FIELD, WHILE ONLY 17 PERCENT FIND THIS AN UNDESIRABLE WAY TO COMBAT THE CURRENT EMERGENCY.

7. COMMENT: DEN UYL CABINET'S MEASURES HAVE BEEN GREETED WITH NO GREAT ENTHUSIASM, BUT EXCEPT FOR KOK'S COMMENTS SEEM TO HAVE GONE DOWN RATHER WELL. DESPITE KOK'S INITIAL HARD LINE, IT SEEMS UNLIKELY THAT THE UNIONS,

UNDER PRESENT CIRCUMSTANCES, WOULD COMPLICATE GOVERNMENT'S
TASK BY STRIKES, WORK STOPPAGES, ETC. IN THIS EARLY PHASE
OF THE CRISIS. OPPOSITION LEADERSHIP MET WITH GOVERNMENT
DEC 12 BUT THERE NO INDICATION OPPOSITION WILL REALLY FIGHT
ENABLING ACT, ESPECIALLY IN VIEW OF NATIONAL CONSENSUS
WHICH SEEMS TO SUPPORT IT. IN GENERAL, GOVERNMENT'S
PROPOSALS APPEAR TO BE SERIOUS EFFORT TO COPE
WITH INCREASINGLY SERIOUS SITUATION.
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